

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 588 - HB 1870

March 29, 2011

SUMMARY OF BILL: Authorizes employers to apply for exemption from providing workers' compensation coverage with respect to employees if the person is a member of a recognized religious sect or division which accepting insurance coverage violates their religious beliefs. Requires the Department of Labor and Workforce Development to establish proof that the employee has an approved exemption.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$5,000/Biennially/Employee Misclassification
Education and Enforcement Fund**

**Increase State Expenditures – \$49,700/One-Time/Employee Misclassification
Education and Enforcement Fund
\$5,600/One-Time/General Fund
\$64,600/Recurring/General Fund**

Assumptions:

- The Secretary of State estimates 25 applicants will qualify for exemption and will pay a \$200 fee to be listed on the Workers' Compensation Exemption Registry. An increase in state revenue of \$5,000 every two years to the Employee Misclassification Education and Enforcement Fund.
- According to the Secretary of State, there will be a one-time increase in state expenditures from the Employee Misclassification Education and Enforcement Fund for computer programming changes to the TN BEAR system of \$49,720 performed by outside contractors.
- An increase in expenditures for modifications to the application and amendment forms will be not significant.
- According to the Department of Labor and Workforce Development, one additional Workers' Compensation Specialist II position will be required to investigate applications. This will result in a recurring increase to state expenditures of \$64,600 (\$40,000 salary, \$13,600 benefits, \$11,000 operational expenditures including travel and supplies). One-time expenditures associated with the creation of this position will be \$5,600 (for computer equipment, software, and office supplies).

- Any impact on the state Risk Management Fund or local government workers' compensation programs will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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